COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4011-01
BILL NO.: HB 1830
SUBJECT: Insurance-Medical; Nursing and Boarding Homes; Taxation and Revenue-General
TYPE: Original
DATE: February 15, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	($2,900,000)	($3,000,000)	($3,090,000)
Total Estimated Net Effect on All State Funds	**($2,900,000)**	**($3,000,000)**	**($3,090,000)**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Insurance (INS)** state this proposal would not fiscally impact their agency.

In a similar proposal officials of the **Department of Revenue (DOR)** stated this legislation increases the income tax deduction for long term care insurance premiums from 50% of the non-reimbursed amounts paid to 100%.

Increasing the deduction from 50% to 100% will not impact the Department of Revenue. However, section 135.096 is not effective until January 1, 2000, and the Department will maintain the same impact for administering the original deduction as reported in the fiscal note last year for Senate Bill 8 (LR 1899-01).

Officials of the **Office of Administration (COA)** state that according to the Department of Insurance, Missourians paid $87.4 million in premiums in calendar year 1997 for long term insurance. Using a marginal tax rate of 6% and a 3% growth rate for premiums would generate a loss of ($2.9 million) in FY 2001, ($3.0 million) in FY 2002 and ($3.03 million) in FY 2003.

This proposal would result in a decrease in Total State Revenues.

FISCAL IMPACT - State Government	FY 2001 (10 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
Loss to General Revenue Fund			
Increase in deduction for non-reimbursed Insurance premiums	($2,900,000)	($3,000,000)	($3,090,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**($2,900,000)**	**($3,000,000)**	**($3,090,000)**

FISCAL IMPACT - Local Government	FY 2001 (10 Mo.)	FY 2002	FY 2003
	$0	$0	$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

Under current law, a resident individual taxpayer may deduct 50% of any non-reimbursed premium paid for long-term care insurance. The bill increases the percentage to 100% for tax year 2000.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Department of Insurance

Jeanne Jarrett, CPA
Director
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